

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6163**

**BILL NUMBER: SB 401**

**NOTE PREPARED: Dec 9, 2003**

**BILL AMENDED:**

**SUBJECT:** Coverage of Bone Density Testing.

**FIRST AUTHOR:** Sen. Smith S

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED: X GENERAL  
DEDICATED  
FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill requires group health coverage programs for state employees, group accident and sickness insurance policies, and group health maintenance organization contracts to provide coverage for bone density testing for a covered woman who is at least 45 years of age.

**Effective Date:** July 1, 2004.

**Explanation of State Expenditures:** As of August 2003, the state employed approximately 37,316 people with six insurance providers. The providers and employee enrollment were as follows: M-Plan (12,022 employees), Arnett (1,220 employees), Anthem Traditional (approximately 20,173 employees), Anthem HMO (2,283 employees), Advantage Health Solutions (1,280 employees), and Humana (330 employees). For 2004, four insurance providers (M-Plan, Arnett, Advantage, and Anthem) will provide health insurance coverage. For these four, the proposal will have the impact estimated below.

M-Plan and Arnett currently provide for bone density testing for women at least 45 years of age, so there would be no impact from these two providers. However, Advantage and Anthem do not.

Advantage estimates a 0.50% increase in premiums to the state plan to provide coverage. State-paid biweekly rates for 2004 for Advantage equaled \$385 for family coverage and \$140 for single coverage with an employee-paid portion of \$144 for family and \$69.79 for single coverage. Total biweekly rates equaled \$529 for family and \$210 for single coverage. As of August 2003, 248 state employees were enrolled in the Advantage single coverage while 1,032 were enrolled in the family coverage. Approximately 3% of employees enroll in Advantage. If 3% of current Humana enrollees switched to Advantage (due to the discontinuation of Humana in 2004), Advantage could acquire 10 more enrollees. An estimated four would

need family coverage whereas six would need single coverage. A 0.50% increase in the single premium for Advantage would equal \$6,934 (the \$210 biweekly rate multiplied by a 0.005 increase multiplied by 26 pay periods multiplied by 254 singles). A 0.50% increase in the family premium would equal \$71,245 (the \$529 biweekly rate multiplied by a 0.005 increase multiplied by 26 pay periods multiplied by 1,036 families). **Total increases for Advantage would equal an estimated \$78,179.**

The increase in premiums for Anthem would equal \$0.065 per member per month. As of August 2003, Anthem maintained a state employee enrollment of 22,456 (including Anthem Traditional and Anthem HMO). Sixty percent of all state employees enrolled in Anthem or Anthem HMO. If this same percent of Humana participants switched to Anthem, 198 additional employees could enroll with Anthem. **A \$0.065 increase per member per month would equal \$17,670** (\$0.065 increase X 22,654 enrollees X 12 months).

**Total increases are estimated at \$17,670 for Anthem and \$78,179 for Advantage, for a total of \$95,849.** It is unknown at this time if the state would absorb added costs or pass the costs on to employees. Also, these estimates assume that participation rates in the different plans remain constant and that current Humana enrollees transfer to the other health plans according to current participation rates.

#### **Explanation of State Revenues:**

**Explanation of Local Expenditures:** Local government groups enrolled in the Local Unit Government Employees (LUGE) health plan may experience increased costs. The LUGE participants have the same benefits as state employees, but are part of a separate risk pool. Costs to the LUGE will be disproportionately higher than that for state employees due in part to a smaller risk pool. Currently, 28 local government groups are enrolled in the plan, providing coverage for 868 employees.

In addition, school corporations and local governments purchasing health benefit coverage on their own may incur increased premiums. The specific impact is indeterminable, but would depend on current health care coverage. It is unknown if local units would absorb this cost or pass the cost on to employees, as cost sharing of health benefit premiums varies widely by locality.

#### **Explanation of Local Revenues:**

**State Agencies Affected:** All.

**Local Agencies Affected:** School districts and local governments purchasing health benefit coverage.

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